

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 14, 1995

SUBJECT: **SB 1574 - HB 1327**

This bill, if enacted, will establish the *Tennessee Drycleaners' Environmental Response Act* that creates the drycleaners environmental response board administratively attached to the Department of Environment and Conservation.

The board shall be composed of the Commissioner of Environment and Conservation, the Commissioner of Revenue and five representatives appointed by the governor. Board members who are not state employees shall be reimbursed for expenses incurred in the performance of their duties.

The board has the authority to promulgate rules and regulations, develop and recommend acceptable fees and costs, oversee expenditures, develop a process for drycleaner owners/operators to petition the board, authorize fund payments, and authorize coverage.

Drycleaners and wholesale distributors for drycleaning operations must register with and send fees to the Department of Revenue.

Drycleaning facility fees are prorated based on gross revenues and range between \$2,500 and \$5,500. Drycleaning facilities using hydrocarbon-based solvents will pay a registration fee equal to 60% of the fee.

Additional fees for drycleaning solvent of \$5.00 per gallon for perchloroethylene, and \$1.00 per gallon for hydrocarbon-based drycleaning solvent sold for use in Tennessee by a drycleaning facility shall be collected by the seller. A wholesale distributor shall pay the Department of Revenue an annual fee of \$5,500. Fees and surcharges are to be collected by the Department of Revenue and deposited in the Drycleaner Environmental Response Fund. A penalty of \$50 per day will be assessed for unpaid fees.

A drycleaning facility who has paid (1) all the registration fees and solvent surcharges; (2) complied with all rules and regulations; and (3) whose application has been accepted by the board for participation in the fund for cleanup shall not be subject to administrative or judicial action or third party claims.

The fiscal impact from enactment of this bill is estimated to be an increase in revenue of approximately \$2,253,000 to the Drycleaner Environmental Response Fund. Details are shown below:

150,000 gallons of perchloroethylene
@ \$5.00 per gallon \$750,000

150,000 gallons of hydrocarbon-based
solvent @ \$1.00 gallon 150,000

Perchloroethylene Plants			Total
Revenues	Annual Fee	Number	Fee Amount
\$0-\$250,000	\$2,500	140	\$ 350,000
\$250,000-\$750,000	\$3,500	195	682,500
\$750,000-\$1 million	\$4,500	30	135,000
\$1 million & over	\$5,500	10	55,000
TOTAL			\$1,222,500

Hydrocarbon-Based Solvent Plants

Revenues	Annual Fee	Number	Total Fee Amount
\$0-\$250,000	\$1,500	60	\$ 90,000
\$250,000-\$750,000	\$2,100	5	10,500
\$750,000-\$1 million	\$2,700	5	13,500
\$1 million & over	\$3,300	5	<u>16,500</u>
TOTAL			\$130,500

Enactment of this bill is also estimated to result in an increase in first year state expenditures , **to be paid from the Drycleaners Environmental Response Fund**, of \$235,100 to the Department of Environment and Conservation for administration and enforcement, \$214,000 to the Department of Revenue for setup, printing, postage and establishing a new database for the collection of fees, and \$16,100 for travel for board members. In addition \$1,787,800 in funds will be available for spending from the Drycleaners Environmental Response Fund for participation by drycleaner facilities in cleanup activities in situations which pose a threat to public safety and the environment.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director